

Message Text

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ACTION ARA-10

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TO SECSTATE WASHDC 8660
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UNCLAS LA PAZ 7872

E. P. 11652: N/A
TAGS: BEXP, ENRG, BL
SUBJ: EARLY WARNING: SANTA CRUZ, BOLIVIA TO SAO PAULO,
BRAZIL GAS PIPELINE

REF: LA PAZ 1867 OF 26 MARCH 1974

1. MINISTER OF ENERGY AND HYDROCARBONS, GENERAL GUILLERMO JIMINEZ ADVISED THAT ON OR ABOUT NOV. 15, 1975 A DECREE IS EXPECTED TO BE SIGNED AUTHORIZING MINISTRY TO ENTER INTO NEGOTIATIONS WITH CONSULTING FIRMS TO PERFORM FEASIBILITY STUDY OF A PIPELINE HAVING FOLLOWING GENERAL SPECIFICATIONS:

ORIGIN : SANTA CRUZ, BOLIVIA

TO : BOLIVIAN-BRAZILIAN FRONTIER AT OR
NEAR MUTUN.

DISTANCE : 625 KM. (388.4 MILES)

PIPE : API - 5L - X - 60 - ERW OR SAW.

PIPE DIAMETER : O.D. - 30 INCHES - I.O. - 29-25 INCHES.

THICKNESS : 0.375 INCHES

WEIGHT : 118.64 LB./FT.

WORKING PRESSURE : 1,080 PSIA (72 PERCENT)

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2. GOVERNMENTS OF BOLIVIA AND BRAZIL ENTERED INTO AGREEMENT DURING MAY, 1974 TO INDUSTRIALIZE EASTERN BOLIVIA AND TO MARKET FINISHED PRODUCTS IN BRAZIL. PART OF AGREEMENT INCLUDES SELLING BY BOLIVIA TO BRAZIL NATURAL GAS LOCATED IN SANTA CRUZ. GOVERNMENT OF BRAZIL HAS PROVIDED STUDY FUNDS.

3. TO DEVELOP EASTERN BOLIVIA, PIPELINE WILL FEED GAS FROM SANTA CRUZ FIELDS TO FUTURE IRON/STEEL COMPLEX, FERTILIZER PLANT, CEMENT PLANT AND OTHERS AT MUTUN. CONTINUING FROM EASTERN BOLIVIA AT MUTUN PIPELINE WILL CARRY INTO SAO PAULO, BRAZIL APPROXIMATELY 240 MILLION CUBIC FEET OF NATURAL GAS DAILY.

4. BOLIVIA'S INVESTMENT PORTION OF PIPELINE IS ESTIMATED AT APPROXIMATELY US\$ 270 MILLION. VALUE OF FEASIBILITY STUDY CONTRACT IS UNKNOWN.

5. MINISTRY'S FIRST STEP WILL BE TO INVITE INTERNATIONAL CONSULTING FIRMS TO PRE-QUALIFY AND THIS INVITATION IS EXPECTED TO BE RELEASED ON OR ABOUT NOV. 15, 1975. MINISTRY WILL THEN SELECT FIRMS TO RECEIVE FEASIBILITY STUDY TENDER.

6. THIS PIPELINE PROJECT IS VERY IMPORTANT TO BOLIVIA BECAUSE OF ITS POTENTIAL FOREIGN EXCHANGE EARNING. MINISTRY DESIRES TO COMPLETE FEASIBILITY STUDY AND THEN ISSUE SECOND TENDER FOR DESIGN, PURCHASING AND CONSTRUCTION PIPELINE. BOLIVIAN LAW STATES THAT CONSULTING FIRMS CNA NOT ENTER INTO SECOND TENDER PHASE. HOWEVER, FIRMS INTERESTED IN ENTERING BOTH PHASES SHOULD SO ADVISE MINISTRY AS A DECREE CAN BE ISSUED PERMITTING BOTH ACTIVITIES.

7. FIRM PROVIDING BEST FINANCING TERMS FOR DESIGN, PURCHASING AND CONSTRUCTING PIPELINE WILL WIN AWARD. THIS STATEMENT CAN ALSO APPLY TO FEASIBILITY STUDY AWARD AND ESPECIALLY WHEN COMBINED WITH DESIGN, PURCHASING AND CONSTRUCTION OF PIPELINE.

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8. COMMENT: MINATT WAS TOLD PIPELINE WOULD CARRY 500 MILLION CU. FT. PER DAY AND LINE WOULD GO THROUGH CORUMBA WITH SECONDARY LINE GOING SOUTH TO MUTUN. IN SPITE OF INDUSTRIAL PLANS FOR AREA AROUND MUTUN IT SEEMS UNLIKELY BOLIVIANS WILL HAVE NEED FOR 250 MILLION CFPD. 100 TO 150 MILLION CFPD IS MORE LIKELY. THEREFORE, GASLINE THROUGH PUT IS ESTIMATED AT ABOUT 350 MILLION CFPD AND TOTAL COST OF PROJECT INCLUDES COLLECTING LINES AND STATIONS ESTIMATED AT 400 MILLION. (END

OF COMMENT).

9. ACTION REQUESTED: ADVISE U.S. FIRMS OF THIS DEVELOPMENT.
WE WILL PROVIDE ADDITIONAL INFORMATION AS SOON AS IT BECOMES
AVAILABLE. COMATT WAS INFORMED BY MINISTER THAT U.S. FIRMS SHOULD
NOT REPEAT NOT CONTACT HIS OFFICE UNTIL AFTER FEASIBILITY
STUDY DECREE HAS BEEN ISSUED. WE WILL KEEP ABREAST OF
DEVELOPMENTS AND ANY QUESTIONS SHOULD BE DIRECTED TO COMATT.
STEDMAN

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Message Attributes

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